

ORDER NO. 2314

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;  
Mark Acton, Vice Chairman;  
Ruth Y. Goldway;  
Tony Hammond; and  
Nanci E. Langley

Competitive Product Prices  
Global Expedited Package Services Contracts  
Non-Published Rates

Docket No. MC2015-23

Competitive Product Prices  
Global Expedited Package Services Contracts  
Non-Published Rates 5 (MC2015-23)

Docket No. CP2015-29

NOTICE AND ORDER CONCERNING THE ADDITION OF GLOBAL EXPEDITED  
PACKAGE SERVICES–NON-PUBLISHED RATES CONTRACT 5 TO THE  
COMPETITIVE PRODUCT LIST

(Issued December 31, 2014)

I. INTRODUCTION

In accordance with 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.*, and Order

Nos. 630,<sup>1</sup> 1625,<sup>2</sup> and 1959,<sup>3</sup> the Postal Service filed a formal request and associated supporting information to add Global Expedited Package Services–Non-Published Rates Contract 5 (GEPS-NPR 5) to the competitive product list.<sup>4</sup> The Postal Service states the addition of GEPS-NPR 5 to the competitive products list is necessary due to its creation of both a Management Analysis of the Prices and Methodology for Determining Prices for Negotiated Service Agreements under Global Expedited Package Services–Non-Published Rates 5 (GEPS-NPR 5 Management Analysis), and an accompanying financial model that revises the previously filed GEPS-NPR 4 Version 2 Management Analysis and its financial model. Request at 3.

To support its Request, the Postal Service filed the following attachments:

- Attachment 1, an application for non-public treatment of materials filed under seal;
- Attachment 2A, a redacted version of Governors' Decision No. 11-6;
- Attachment 2B, a revised version of the Mail Classification Schedule section 2510.8 GEPS-NPR;
- Attachment 2C, a redacted version of GEPS-NPR 5 Management Analysis;
- Attachment 2D, a list of Maximum and Minimum Prices for Priority Mail Express International (PMEI), and Priority Mail International (PMI), and Global Express Guaranteed (GXG);

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<sup>1</sup> Docket No. CP2011-45, Order Adding Global Expedited Package Services–Non-Published Rates 2 to the Competitive Product List, December 30, 2010 (Order No. 630).

<sup>2</sup> Docket Nos. MC2013-27 and CP2013-35, Order Adding Global Expedited Package Services–Non-Published Rates 4 (GEPS–NPR 4) to the Competitive Product List, January 16, 2013 (Order No. 1625).

<sup>3</sup> Docket Nos. MC2013-27 and CP2014-22, Order Approving Change in Prices for Global Package Services–Non-Published Rates 4 (GEPS–NPR 4), January 10, 2014 (Order No. 1959).

<sup>4</sup> Request of the United States Postal Service to Add Global Expedited Package Services – Non-Published Rates 5 (GEPS - NPR 5) to the Competitive Product List and Notice of Filing GEPS - NPR 5 Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, December 24, 2014 (Request).

- Attachment 2E, a certified statement concerning the prices for applicable negotiated service agreements under GEPS-NPR 5, as required by 39 CFR 3015.5(c)(2);
- Attachment 3, a Statement of Supporting Justification, similar to the Statement of Supporting Justifications used to support the classification of GEPS-NPR 3 and GEPS-NPR 4, and which is filed pursuant to 39 CFR 3020.32; and
- Attachment 4, a redacted version of the GEPS-NPR 5 model contract.

In a Statement of Supporting Justification, Giselle Valera, Managing Director and Vice President, Global Business, asserts the product is designed to increase efficiency of the Postal Service's process, as well as enhance its ability to compete in the marketplace. Request, Attachment 3 at 1. She contends GEPS-NPR 5 belongs on the competitive product list as it is part of a market over which the Postal Service does not exercise market dominance,<sup>5</sup> is not subsidized by market dominant products, covers costs attributable to it, and does not cause competitive products as a whole to fail to make the appropriate contribution to institutional costs. *Id.* at 1, 3.

The Postal Service included a redacted version of the GEPS-NPR 5 model contract with the Request. *Id.* Attachment 4. The Postal Service represents the GEPS-NPR 5 model contract is a slight modification of the GEPS-NPR 4 Version 2 model contract approved by the Commission in Order No. 1959.<sup>6</sup>

The Postal Service represents it will notify each GEPS-NPR 5 customer of the contract's effective date no later than 30 days after receiving the signed agreement from the customer. *Id.* Attachment 4 at 4. Each contract will expire the later of one year from

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<sup>5</sup> The Postal Service claims it does not exercise sufficient market power to set the price of PMEI, PMI, and GXG substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products. *Id.* at 4; 39 U.S.C. 3642(b).

<sup>6</sup> See Order No. 1959.

the effective date or the last day of the month which falls one calendar year from the effective date, unless terminated sooner. *Id.* The Postal Service represents that the contract is consistent with 39 U.S.C. 3633(a). Request at 11; *id.* Attachment 4.

The Postal Service filed much of the supporting materials, including the related model contract, under seal. Request, Attachment 1. It maintains that the redacted portions of the materials should remain confidential as sensitive business information. *Id.* at 4. This information includes sensitive commercial information concerning the incentive discounts and their formulation, applicable cost-coverage, non-published rates, as well as some customer-identifying information. *Id.* The Postal Service asks the Commission to protect customer-identifying information from public disclosure for ten years after the date of filing with the Commission, unless an order is entered to extend the duration of that status. *Id.* at 9.

## II. NOTICE OF COMMISSION ACTION

The Commission establishes Docket Nos. MC2015-23 and CP2015-29 to consider the Request pertaining to the proposed Global Expedited Package Services--Non-Published Rates 5 product and the related model contract, respectively.

The Commission invites comments on whether the Postal Service's filings in the captioned dockets are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642, 39 CFR part 3015, and 39 CFR part 3020, subpart B. Comments are due no later than January 7, 2015. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints James F. Callow to serve as Public Representative in these dockets.

### III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket Nos. MC2015-23 and CP2015-29 to consider the matters raised in each docket.
2. Pursuant to 39 U.S.C. 505, James F. Callow is appointed to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).
3. Comments are due no later than January 7, 2015.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove  
Secretary